

701—65.15(452A) Special fuel sold to the state of Iowa, its political subdivisions, contract carriers under contract with public schools to transport pupils or regional transit systems.

65.15(1) If special fuel is sold to the state of Iowa, its agencies, a political subdivision of the state, or a regional transit system for public use, or a use specified in Iowa Code section 452A.57(11), and placed in storage, it may be sold tax-free. Fuel sold by a dealer and delivered directly into the fuel supply tank of a motor vehicle or aircraft must be sold tax-paid. Since the special fuel delivered into storage is not subject to tax, the governmental unit or regional transit system need not be licensed as a special fuel user. However, if the special fuel is used by a governmental unit or regional transit system for other than “public purposes,” or a purpose specified in Iowa Code section 452A.57(11), it must obtain a user’s license and pay the tax on all highway or aircraft special fuel used from the storage.

All other sales of special fuel for highway or aircraft use to the state of Iowa, its agencies, a political subdivision of the state, or a regional transit system shall be on a tax-paid basis. If the exempt governmental unit or regional transit system subsequently uses the tax-paid fuel for a public purpose or a purpose specified in Iowa Code section 452A.57(11), it shall be entitled to claim a refund. The refund will be allowed pursuant to the provisions of rule 701—64.15(452A).

65.15(2) Special fuel sold to a contract carrier under contract with public schools to transport pupils. When special fuel is sold directly to contract carriers who have a contract with a public school under Iowa Code section 285.5 for the transportation of pupils of an approved public or nonpublic school, the fuel shall be sold tax-paid.

If the contract carrier is licensed as a special fuel dealer or user, the licensee may buy the fuel tax-free, but it must be remitted on the monthly dealer or user report. If the contract carrier is licensed as an urban transit system, the licensee can buy all fuel tax-free, but the tax for fuel used for the transportation of pupils must be remitted on the quarterly urban transit system report.

Any contract carrier who has paid the tax is entitled to a refund. A refund requested by contract carriers will be reduced by the applicable sales tax, unless otherwise exempt. All contract carriers must apply to the department for a refund registration even if they currently hold a motor fuel tax license.

The refund will be allowed pursuant to the provisions of rule 701—64.22(452A).

This rule is intended to implement Iowa Code sections 452A.3 and 452A.35.